

QUARTERLY REPORT

TRADING NAME OF LICENSEE: Bally's Park Place, Inc. (Bally's Atlantic City)

For The Quarter Ended December 31, 2004

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

AS OF DECEMBER 31, 2004 AND 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents.	\$ 37,070	\$ 50,338
2	Short-term investments.	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2004, \$ 4,211 ; 2003, \$ 4,438). NOTE 2	83,441	59,296
4	Inventories.	2,271	3,247
5	Prepaid expenses and other current assets.	6,925	4,624
6	Total current assets.	129,707	117,505
7	Investments, Advances, and Receivables. NOTES 1 and 3.	135,567	138,254
8	Property and Equipment - Gross. NOTES 1 and 4.	1,288,320	1,265,844
9	Less: Accumulated Depreciation/Amortization. NOTES 1 and 4.	(637,472)	(603,463)
10	Property and Equipment - Net.	650,848	662,381
11	Other Assets. NOTE 5.	17,696	17,803
12	Total Assets.	\$ 933,818	\$ 935,943
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable.	\$ 5,829	\$ 5,145
14	Notes payable.	-	-
	Current portion of long-term debt.		
15	Due to affiliates.	-	-
16	Other.	59	63
17	Income taxes payable and accrued.	-	-
18	Other accrued expenses. NOTE 6.	37,420	46,561
19	Other current liabilities. NOTE 7.	14,258	14,070
20	Total current liabilities.	57,566	65,839
	Long-Term Debt:		
21	Due to affiliates. NOTE 8.	584,000	583,500
22	Other. NOTE 8.	1,295	1,490
23	Deferred Credits.	-	-
24	Other Liabilities. NOTE 9.	1,579	1,863
25	Commitments And Contingencies. NOTE 1.	-	-
26	Total Liabilities.	644,440	652,692
27	Stockholders', Partners', Or Proprietor's Equity.	289,378	283,251
28	Total Liabilities And Equity.	\$ 933,818	\$ 935,943

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

AMENDED
5/11/05

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

REVISED 5/11/05

LINE (A)	DESCRIPTION (b)	2004 (c)	2003 (d)
	REVENUE:		
1	Casino	\$ 637,820	\$ 669,676
2	Rooms	49,570	49,838
3	Food and Beverage	86,182	94,636
4	Other	21,324	16,846
5	Total Revenue	794,896	830,996
6	Less: Promotional allowances	162,907	164,149
7	Net Revenue	631,989	666,847
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	384,255	405,695
9	Selling, General, and Administrative	77,376	81,583
10	Provision for Doubtful Accounts	801	582
11	Total costs and expenses	462,432	487,860
12	Gross Operating Profit	169,557	178,987
13	Depreciation and amortization NOTE 1.	45,507	42,620
	Charges from affiliates other than interest:		
14	Management fees NOTE 10.	21,165	22,116
15	Other	---	---
16	Income (Loss) from Operations	102,885	114,251
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 8.	(49,586)	(49,155)
18	Interest (expense) - external	(292)	(256)
19	Investment alternative tax and related income (expense) - net	2,537	(4,928)
20	Non-operating income (expense) - net NOTE 11.	4,460	10,173
21	Total other income (expenses)	(42,881)	(44,166)
22	Income (Loss) Before Income Taxes and Extraordinary Items	60,004	70,085
23	Provision (credit) for income taxes NOTE 1.	26,495	26,714
24	Income (Loss) Before Extraordinary Items	33,509	43,371
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ 33,509	\$ 43,371

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

AMENDED
5/11/05

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

REVISED 5/11/05

LINE (A)	DESCRIPTION (b)	2004 (c)	2003 (d)
	REVENUE:		
1	Casino	\$ 137,664	\$ 152,021
2	Rooms	9,447	11,733
3	Food and Beverage	16,919	21,668
4	Other	4,891	4,286
5	Total Revenue	168,921	189,708
6	Less: Promotional allowances	35,316	39,217
7	Net Revenue	133,605	150,491
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	87,705	99,861
9	Selling, General, and Administrative	21,732	21,503
10	Provision for Doubtful Accounts	46	269
11	Total costs and expenses	109,483	121,633
12	Gross Operating Profit	24,122	28,858
13	Depreciation and amortization NOTE 1.	11,404	11,119
	Charges from affiliates other than interest:		
14	Management fees NOTE 10.	4,542	5,039
15	Other	---	---
16	Income (Loss) from Operations	8,176	12,700
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 8.	(12,369)	(12,334)
18	Interest (expense) - external	(59)	(63)
19	Investment alternative tax and related income (expense) - net	(638)	(1,189)
20	Non-operating income (expense) - net NOTE 11.	(3,247)	(305)
21	Total other income (expenses)	(16,313)	(13,891)
22	Income (Loss) Before Income Taxes and Extraordinary Items	(8,137)	(1,191)
23	Provision (credit) for income taxes NOTE 1.	(1,116)	625
24	Income (Loss) Before Extraordinary Items	(7,021)	(1,816)
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ (7,021)	\$ (1,816)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2004

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - In Capital (g)	----- ----- ----- (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2002	100	\$ 1			\$ 128,260		\$ 111,619	\$ 239,880
2	Net Income - 2003							43,371	43,371
3	Contribution to Paid - In Capital								
4	Dividends								
5	Prior Period Adjustments								
6	Distribution to PPE								
7									
8									
9									
10	Balance, December 31, 2003	100	1			128,260		154,990	283,251
11	Net Income - 2004							36,127	36,127
12	Contribution to Paid - In Capital								
13	Dividends							(30,000)	(30,000)
14	Prior Period Adjustments								
15									
16									
17									
18									
19	Balance, December 31, 2004	100	\$ 1			\$ 128,260		\$ 161,117	\$ 289,378

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

Page 1 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	2004 (c)	2003 (d)
1	Net Cash Provided (Used) By Operating Activities	\$ 61,617	\$ 85,817
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	---	---
3	Proceeds from the sale of short-term investment securities	---	---
4	Purchase outflows for property and equipment	(34,207)	(36,876)
5	Proceeds from disposition of property and equipment	928	741
6	Purchase of casino reinvestment obligations	(8,035)	(8,846)
7	Purchase of other investments and loans/advances made	(4,256)	(16)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	21,439	799
9	Cash outflows to acquire business entities	755	(755)
10	_____	---	---
11	Net book values of disposals	---	---
12	Net Cash Provided (Used) By Investing Activities	(23,376)	(44,953)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	---	---
14	Payments to settle short-term debt	---	---
15	Cash proceeds from issuance of long-term debt	500	---
16	Costs of issuing debt	---	---
17	Payments to settle long-term debt	(199)	(133)
18	Cash proceeds from issuing stock or capital contributions	---	---
19	Purchases of treasury stock	---	---
20	Payments of dividends or capital withdrawals	(30,000)	---
21	Change in payable to/receivable from affiliate	(21,810)	(29,574)
22	_____	---	---
23	Net Cash Provided (Used) By Financing Activities	(51,509)	(29,707)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(13,268)	11,157
25	Cash And Cash Equivalents At Beginning Of Period	50,338	39,181
26	Cash And Cash Equivalents At End Of Period	\$ 37,070	\$ 50,338

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	\$ 49,878	\$ 49,411
28	Income taxes	\$ 26,495	\$ 26,714

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

Page 2 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	2004 (c)	2003 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 36,127	\$ 43,371
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	45,507	42,620
31	Amortization of other assets	---	---
32	Amortization of Debt Discount or Premium	---	---
33	Deferred Income taxes - current.	---	---
34	Deferred income taxes - noncurrent	---	---
35	(Gain) loss on disposition of property and equipment	(695)	(336)
36	(Gain) loss on casino reinvestment obligations	(2,537)	4,928
37	(Gain) loss from other investment activities	(4,679)	(8,153)
38	Net (increase) decrease in receivables and patrons' checks	(2,335)	(427)
39	Net (increase) decrease in inventories	976	248
40	Net (increase) decrease in other current assets	(2,301)	(318)
41	Net (increase) decrease in other assets	107	31
42	Net increase (decrease) in accounts payables	684	(5,483)
43	Net increase (decrease) in other current liabilities excluding debt	(8,953)	9,940
44	Net increase in other noncurrent liabilities excluding debt.	(284)	(604)
45	Loss on extinguishment of debt, net of income tax benefit.	---	---
46	Amortization of CRDA assets	---	---
47	Net Cash Provided (Used) By Operating Activities	\$ 61,617	\$ 85,817

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	\$ 34,207	\$ 36,876
49	Less: Capital lease obligations incurred	---	---
50	Cash Outflows For Property And Equipment	\$ 34,207	\$ 36,876
	Acquisition Of Business Entities:		
51	Property and equipment acquired	\$ (755)	\$ 755
52	Goodwill acquired	---	---
53	Net assets acquired other than cash, goodwill, and property and equipment	---	---
54	Long-term debt assumed	---	---
55	Issuance of stock or capital invested	---	---
56	Cash Outflows To Acquire Business Entities	\$ (755)	\$ 755
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	\$ ---	\$ ---
58	Less: Issuances to settle long-term debt	---	---
59	Consideration in acquisition of business entities	---	---
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ ---	\$ ---

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	738,071	\$ 28,933		\$
2	Food	2,881,494	36,841		
3	Beverage	8,905,991	17,812		
4	Travel			65,979	4,469
5	Bus Program Cash	1,202,541	18,819		
6	Other Cash Complimentaries	3,204,595	52,785		
7	Entertainment	138,969	695	8,911	1,114
8	Retail & Non-Cash Gifts	118,969	6,667	239,478	10,897
9	Parking	74,722	75	74,722	224
10	Other *	9,313	280	414,023	3,400
11	Total	17,274,665	\$ 162,907	803,113	\$ 20,104

FOR THE THREE MONTHS ENDED DECEMBER 31, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	148,237	\$ 5,530		\$
2	Food	587,040	7,705		
3	Beverage	1,842,565	3,685		
4	Travel			16,747	1,094
5	Bus Program Cash	257,800	4,214		
6	Other Cash Complimentaries	717,891	12,233		
7	Entertainment	36,680	184	1,948	244
8	Retail & Non-Cash Gifts	34,110	1,665	50,630	3,580
9	Parking	36,919	37	36,919	111
10	Other *	2,096	63	87,186	691
11	Total	3,663,338	\$ 35,316	193,430	\$ 5,720

* No item in this category exceeds 5%.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

The accompanying financial statements include the accounts of Bally's Park Place, Inc., a New Jersey corporation (the "Company"), a wholly owned subsidiary of Caesars Entertainment, Inc. ("CEI"). In early January 2004, CEI changed its name from Park Place Entertainment to Caesars Entertainment. The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as "Bally's Atlantic City." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

All adjustments to the financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheets of the Company at December 31, 2004 and 2003, and its statements of income for the three and twelve months ended December 31, 2004 and 2003 and its statements of cash flows for the twelve months ended December 31, 2004 and 2003. All such adjustments were of a normal recurring nature.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$11,404 and \$11,119 for the three months ended December 31, 2004 and 2003, respectively; and \$45,507 and \$42,620 for the twelve months ended December 31, 2004 and 2003, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Connection Card Program

During the 2nd quarter of 2003, the Company implemented the Connection Card Program. The Connection Card Program allows players to earn credits that may be accumulated over time and redeemed at their discretion at any CEI casino in the United States in accordance with the rules of the program. The Company records an estimated liability for the incremental cost of providing goods and services under the program at the time the credits are earned.

Fair value of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt approximate their recorded book values at December 31, 2004 and 2003.

Investments in subsidiaries

The Company has an investment in GNOC, Corp. (which owns and operates the casino hotel resort in Atlantic City known as the "Atlantic City Hilton"). The Company also has investments in two other subsidiaries, Atlantic City Country Club, Inc. and Bally's Land Ventures, Inc. The investments in all subsidiaries are reflected in the accompanying financial statements using the equity method.

On September 27, 2004, GNOC, Corp. and Bally's Olympia, LP ("BOLP") entered into a definitive agreement to sell most of the assets and certain related liabilities of the Atlantic City Hilton as well as the assets of the Company and certain other affiliates of CEI to Resorts International Holdings, LLC ("Colony") an affiliate of Colony Capital, LLC, a Los Angeles based international private investment firm, for approximately \$612,000,000. The transaction is expected to close by the end of the second quarter of 2005 and is subject to customary closing conditions outlined in the purchase agreement. Upon closing, Colony anticipates operating the Atlantic City Hilton.

Under the terms of the definitive agreement, Colony will purchase certain land assets of Bally's Land Ventures Realty, Inc. and the Company (see Notes 3 & 4).

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to CEI on a daily basis. CEI provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other CEI affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and certain other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

Beginning with the first quarter of 2004, the Company was allocated from CEI certain expenses, such as information technology, internal audit and risk management, which historically were considered corporate expenses. These expenses are allocated to the Company using various formulas based on estimates of utilization of such expenses. Management believes that the methods used to allocate these costs are reasonable.

Accounting Pronouncements

In November 2002, the FASB issued Interpretation No ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. Implementation of this Interpretation did not have a material impact on the Company's financial statements.

In 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interest or in which the equity investors do not bear the residual economic risks and rewards. These entities have commonly been referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the interest in newly consolidated variable interest entities and requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. Implementation of this Interpretation did not have a material impact on the Company's financial statements, as the Company does not have any variable interest entities.

Income taxes

Taxable income or loss of the Company is included in the consolidated Federal income tax return of CEI. The Company provides for income taxes by applying the respective state and federal statutory rates to pre-tax financial statement income. The corresponding liability or receivable is credited or charged to its corporate parent. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by CEI in accordance with the tax sharing agreement between CEI and the Company.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

New Jersey tax legislation

The New Jersey State Legislature passed a bill to increase taxes on the New Jersey casino industry, beginning in the State's fiscal year 2004 (starting July 1, 2003). Included in this legislation is a tax on net profits, taxes on certain complimentarys, and increases in parking, rooms and other fees. Profits tax expense is reflected in the provision for income taxes. Other taxes are reflected in selling, general and administrative expenses.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority (the "CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

An affiliate of the Company, Boardwalk Regency Corporation ("Caesars Atlantic City") has started construction of a new parking garage and has entered into an agreement with developers for the renovation of the Ocean One Shopping Mall, located on the boardwalk in Atlantic City. The Company, Caesars Atlantic City and Atlantic City Hilton entered into a credit agreement (the "Credit Agreement") with the CRDA to partially finance the construction of these projects. The Credit Agreement provides for funding from the CRDA for qualified development costs incurred. The CRDA funding will come from amounts either currently on deposit or to be deposited with the CRDA pursuant to the Company and its affiliates' investment obligations. For the twelve months ended December 31, 2004, the Company has received \$20,745 of previously deposited funds from the CRDA. Upon receipt of these funds, the Company recognized a reduction of \$6,846 in reserves, to reflect its current estimated realizable value of its remaining CRDA investments.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry will provide \$34 million over a four year period to the NJSEA and must deposit another \$62 million into the Casino Expansion Fund (managed by the CRDA). The \$62 million will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The Company estimates this commitment over the four year period to be a total of \$4,800, the first payment of which was made November 2004. The total estimated commitment will be charged to operations on a straight line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the \$62 million, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

Merger Agreement

On July 14, 2004, CEI, Harrah's Entertainment, Inc. ("Harrah's") and Harrah's Operating Company, Inc., a wholly-owned subsidiary of Harrah's, entered into an Agreement and Plan of Merger (the "Merger Agreement"), providing for the merger of CEI with and into Harrah's Operating Company, Inc., which would be the surviving corporation.

On March 11, 2005, the stockholders of CEI and Harrah's approved the Merger Agreement. The transaction with Harrah's is still subject to a number of conditions, including, among other things the receipt of all necessary antitrust, gaming and other approvals, and the satisfaction or waiver of all other conditions precedent.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Casino receivables (net of allowance for doubtful accounts – \$3,880 in 2004 and \$4,297 in 2003)	\$ 6,254	\$ 6,547
Other (net of allowance for doubtful accounts – \$331 in 2004 and \$141 in 2003)	3,853	4,117
Due from CEI	63,089	41,279
Due from Caesars Atlantic City	6,939	4,262
Due from affiliates	<u>3,306</u>	<u>3,091</u>
	<u>\$ 83,441</u>	<u>\$ 59,296</u>

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Investment in wholly owned subsidiaries (see Note 1):		
Atlantic City Country Club, Inc.	\$ 13,866	\$ 14,798
Bally's Land Ventures Realty, Inc.	14,342	15,097
GNOC, Corp.	<u>75,815</u>	<u>70,204</u>
Total investment in subsidiaries	104,023	100,099
Casino Reinvestment Development Authority		
Investment obligations (less valuation reserves		
of \$12,731 in 2004 and \$17,723 in 2003)	26,169	36,653
Jacobs Family Terrace mortgage receivable		
(less reserve of \$250 in 2004 and 2003)	1,045	1,225
Long-term receivable from GNOC, Corp.	-	204
Long-term deposits	<u>4,330</u>	<u>73</u>
	<u>\$ 135,567</u>	<u>\$ 138,254</u>

The Company, GNOC, Corp. and the CRDA entered into a credit exchange agreement and an investment agreement in 1998. The credit exchange agreement permits the exchange of certain current and future CRDA obligations between the Company and GNOC, Corp. resulting in the long-term receivable from GNOC, Corp. The investment agreement provides an investment plan for use of certain current and future CRDA funds.

All the assets of Bally's Land Ventures Realty, Inc. are held for sale to Colony (see Note 1).

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Land	\$ 112,969	\$ 112,378
Buildings and improvements	860,371	856,292
Furniture, fixtures and equipment	302,188	295,860
Construction in progress	<u>12,792</u>	<u>1,314</u>
	1,288,320	1,265,844
Less accumulated depreciation and amortization	<u>(637,472)</u>	<u>(603,463)</u>
	<u>\$ 650,848</u>	<u>\$ 662,381</u>

\$41,975 of land is held for sale to Colony (see Note 1).

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 5 - OTHER ASSETS

Other assets as of December 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Cost in excess of acquired assets	\$ 17,581	\$ 17,581
Other	<u>115</u>	<u>222</u>
	<u>\$ 17,696</u>	<u>\$ 17,803</u>

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Accrued payroll and benefits	\$ 22,385	\$ 30,528
Insurance claims	4,674	6,527
Other	<u>10,361</u>	<u>9,506</u>
	<u>\$ 37,420</u>	<u>\$ 46,561</u>

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of December 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Chip and token liability	\$ 3,390	\$ 3,254
Connection Card liability	3,478	4,368
Due to affiliates	4,056	4,081
Other	<u>3,334</u>	<u>2,367</u>
	<u>\$ 14,258</u>	<u>\$ 14,070</u>

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 8 - LONG-TERM DEBT-DUE TO AFFILIATES AND OTHER

Long-term debt-due to affiliates and other as of December 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Long-term debt due to affiliates:		
8.5% Note payable to Caesars Entertainment Finance Corporation ("CEFC") due January 1, 2009	\$500,000	\$ 500,000
8.5% Note payable to CEFC due May 31, 2011	33,500	33,500
8.5% Note payable to CEFC due May 31, 2011	50,000	50,000
8.5% Note payable to CEFC due April 30, 2013	<u>500</u>	<u>-</u>
	<u>\$584,000</u>	<u>\$ 583,500</u>
Long-term debt-other:		
Other secured and unsecured debt	<u>\$ 1,295</u>	<u>\$ 1,490</u>

In January 1999, the Company executed a \$500,000 note payable to CEI with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. On July 1, 2000, CEI assigned the \$500,000 note to Park Place Finance Corporation. On March 9, 2004, Park Place Finance Corporation changed its name to Caesars Entertainment Finance Corporation. On June 1, 2001 the Company executed two notes payable in the amounts of \$33,500 and a \$50,000 to CEFC each with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. In April 2004, the Company executed a \$500 note payable to CEFC with interest at a rate of 8.5% per annum, payable on the last business day of each month.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of December 31 consist of the following:

	<u>2004</u>	<u>2003</u>
Retirement and other employee benefit plans	\$ 1,143	\$ 1,245
Other	<u>436</u>	<u>618</u>
	<u>\$ 1,579</u>	<u>\$ 1,863</u>

NOTE 10 - CHARGES FROM AFFILIATES-MANAGEMENT FEE

The Company and CEI have entered into an administrative services and management agreement. Under the agreement, CEI provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays CEI a monthly management fee equal to three percent of revenues, as defined.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 11 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended December 31 consists of the following:


	<u>2004</u>	<u>2003</u>
Interest income	\$ 213	\$ 191
Gain (loss) on sale of assets	2	267
Equity in income of unconsolidated subsidiaries	(1,057)	(988)
Other	<u>213</u>	<u>225</u>
	<u>\$ (629)</u>	<u>\$ (305)</u>

Nonoperating income (expense) for the twelve months ended December 31 consists of the following:

	<u>2004</u>	<u>2003</u>
Interest income	\$ 814	\$ 782
Gain (loss) on sale of assets	695	336
Equity in income of unconsolidated subsidiaries	4,679	8,153
Other	<u>890</u>	<u>902</u>
	<u>\$ 7,078</u>	<u>\$ 10,173</u>

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.


Signature

Assistant Vice President/Controller
Title

#7091-11
License Number

On Behalf Of:
Bally's Park Place, Inc. NJ
Casino Licensee

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 5,349		
2	Returned patrons' checks	4,785		
3	Total patrons' checks	10,134	\$ (3,880)	\$ 6,254
4	Hotel Receivables	2,451	(331)	2,120
	Other Receivables:			
5	Receivables due from officers and employees	---		
6	Receivables due from affiliates	73,334		
7	Other accounts and notes receivables	1,733		
8	Total other receivables	75,067	---	75,067
9	Totals (Form CCC 205)	\$ 87,652	\$ (4,211)	\$ 83,441

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 5,604
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	161,208
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(123,452)
13	Checks collected through deposits	(32,701)
14	Checks transferred to returned checks	(5,310)
15	Other adjustments	
16	Ending Balance	\$ 5,349
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 801
19	Provision As A Percent Of Counter Checks Issued	0.50%

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 31, 2005

Date



Signature

Assistant Vice President/Controller

Title of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration				
2	Gaming	1,643			
3	Slots	336			
4	Casino accounting	589			
5	Simulcasting	27			
6	Other				
7	Total-casino	2,595	\$ 66,013	\$ 851	\$ 66,864
8	ROOMS	554	12,169	224	12,393
9	FOOD AND BEVERAGE	1,634	32,514	290	32,804
	OTHER OPERATED DEPARTMENTS				
10	Spa	50	761		761
11	Hat check and pool	13	171		171
12	Telephone room	30	778		778
13	Retail stores	48	1,141		1,141
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	15	281	2,711	2,992
21	Accounting and auditing	164	5,495		5,495
22	Security	464	13,049		13,049
23	Other administrative and general departme	304	6,830	942	7,772
24	MARKETING	258	8,341	1,347	9,688
25	GUEST ENTERTAINMENT	27	1,787		1,787
26	PROPERTY OPERATION AND MAINTENANCE ...	710	19,067	220	19,287
27	TOTALS - ALL DEPARTMENTS	6,866	\$ 168,397	\$ 6,585	174,982

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2004

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.



Signature

March 31, 2005
Date

Assistant Vice President/Controller
Title

TRADING NAME OF LICENSEE : BALLY'S ATLANTIC CITY

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2004

Line

CASINO WIN:

1.	Table and Other Games Win.....	\$	172,942,347
2.	Slot Machines Win.....		471,786,040
3.	Total Win.....		644,728,387
4.	Recovery for Uncollectible Patrons' Checks.....		0
5.	Gross Revenue (line 3 plus line 4).....		644,728,387
6.	Tax on Gross Revenue - Reporting Year (8% of line 5).....		51,578,271
7.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years		14,446
8.	Total Taxes on Gross Revenue (the sum of lines 6 and 7).....		51,592,717
9.	Total (Deposits) Made for Tax on Reporting Year's Gross Revenue.....		51,578,271
	Settlement of Prior Years' Tax on Gross Revenue		
10.	Resulting from Audit or Other Adjustments - (Deposits) Credits		14,446
11.	Gross Revenue Taxes Payable (the net of lines 8, 9 and 10).....	\$	(0)

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 9, 2005

Date

W. P. Pomeroy
Signature

Casino Controller
Title of Officer